

Economic Quarterly Report



2nd Quarter 2021



OFFICE

KEY INSIGHTS

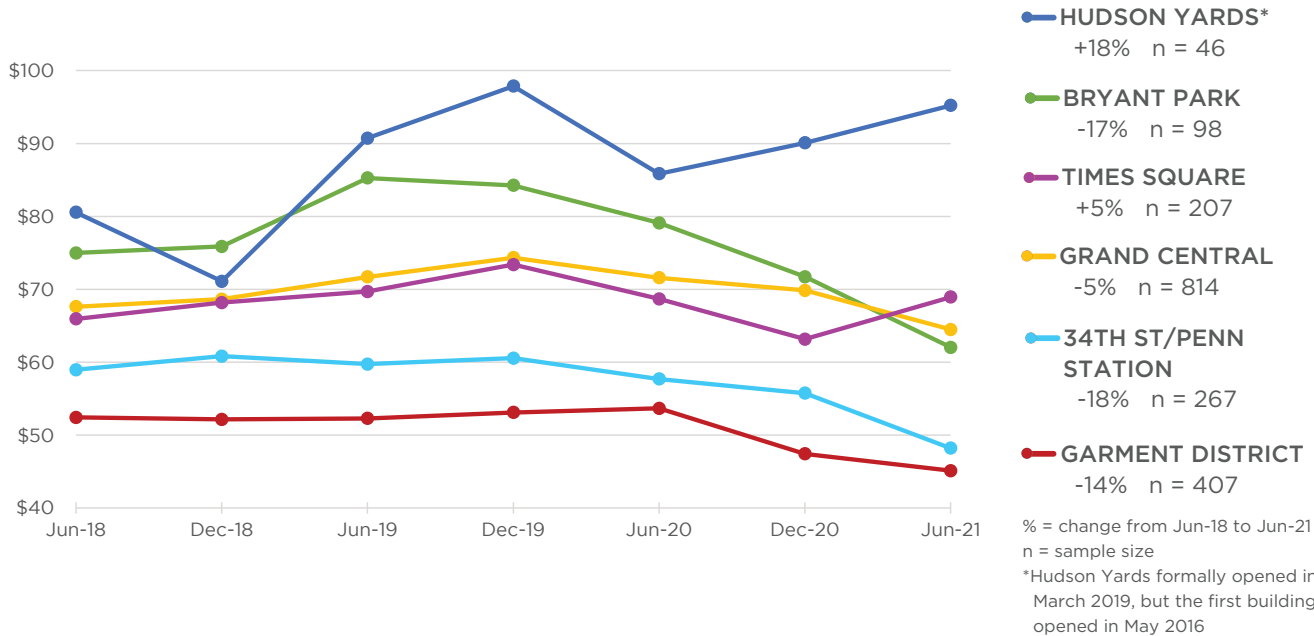
- » Starting rents may continue to be a lagging indicator given that the vacancy rate is up 30% since 2019 and asking prices are down 13%.
- » With leasing activity down significantly, the data are more easily impacted by outliers. Additionally, the pandemic has impacted the quantity and quality of available leasing data.
- » With many companies seeking to re-establish, relocate, or adjust their office spaces, Garment District properties could be positioned to compete on value as leasing activity increases.
- » Examples of recent office leases in the Garment District include:
 - » Zentalis Pharmaceuticals
31,362 SF - 1359 Broadway
 - » Phase One Network
14,613 SF - 25 W 39th St
 - » La Nacional
5,622 SF - 260 W 39th St
 - » Champion Elevator Corp.
5,422 SF - 1450 Broadway
 - » True Religion
2,800 SF - 499 Seventh Ave

GARMENT DISTRICT AVERAGE STARTING OFFICE RENTS PER SF



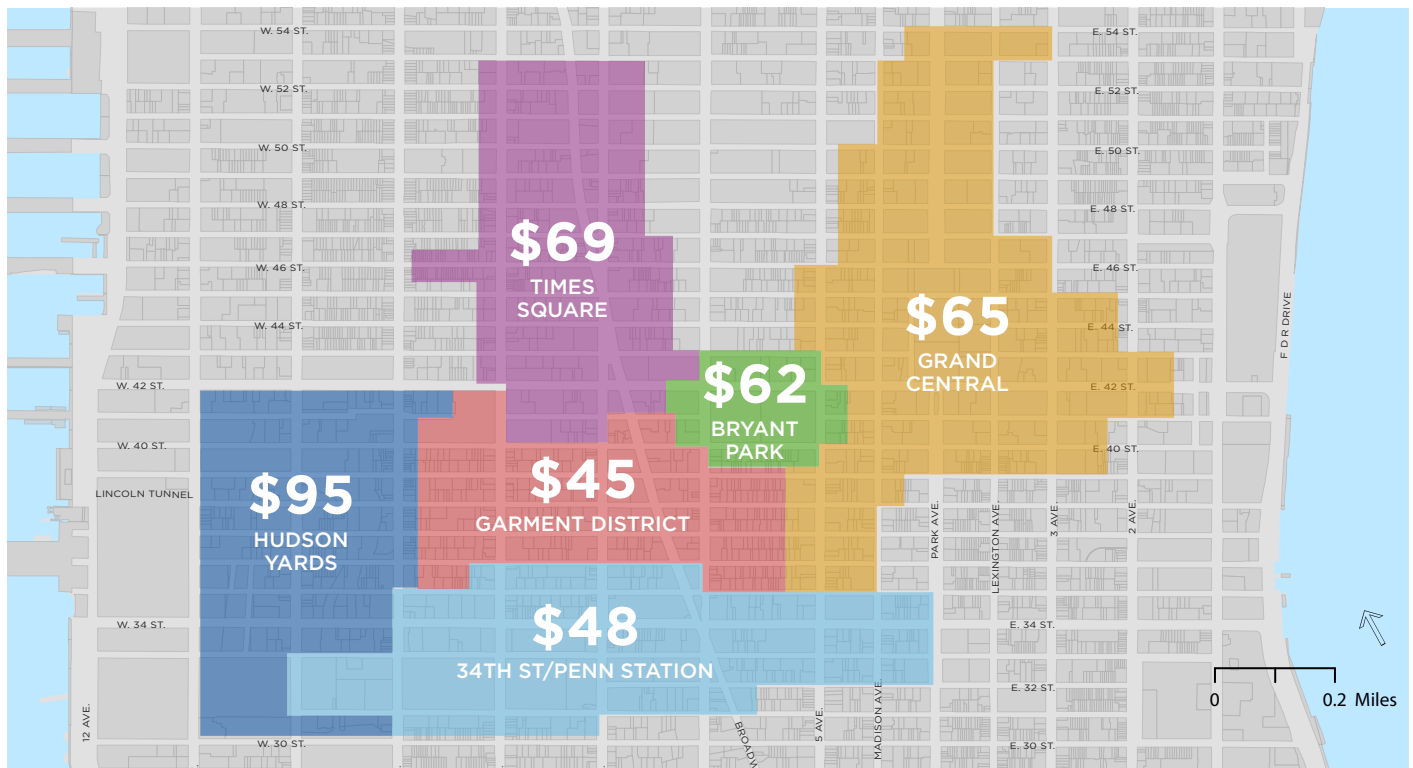
Source: CompStak, Inc., 3-month moving averages

AVERAGE STARTING OFFICE RENTS PER SF



Source: CompStak, Inc., 3-month moving averages

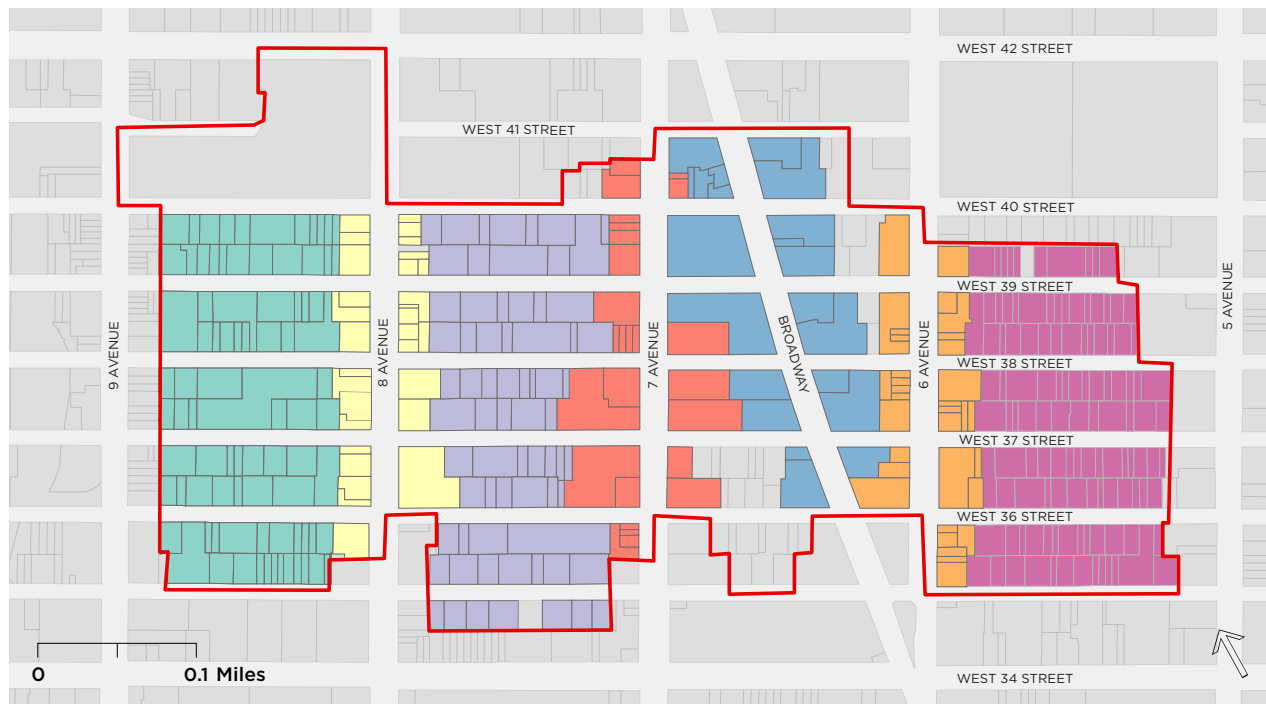
AVERAGE STARTING OFFICE RENTS PER SF, JUNE 2021



Actual BID boundaries vary slightly from neighborhood boundaries shown. Source: CompStak, Inc.

GARMENT DISTRICT AVERAGE STARTING OFFICE RENTS BY LOCATION

	Sample Size	June 2019 (\$/SF)	June 2020 (\$/SF)	June 2021 (\$/SF)	2-yr. Change
 8th-9th Ave Side Streets	13	\$44.49	\$45.66	\$45.47	2%
 Eighth Avenue	11	\$44.02	\$36.52	\$35.22	-20%
 7th-8th Ave Side Streets	40	\$45.94	\$38.77	\$23.84	-48%
 Seventh Avenue	59	\$55.70	\$51.16	\$48.45	-13%
 Broadway	65	\$55.43	\$63.23	\$49.69	-10%
 Sixth Avenue	8	\$72.08	\$57.65	\$52.03	-28%
 5th-6th Ave Side Streets	34	\$47.47	\$45.34	\$33.82	-29%
 District Average	247	\$52.28	\$53.66	\$45.11	-14%



Source: CompStak, Inc., 3-month moving averages



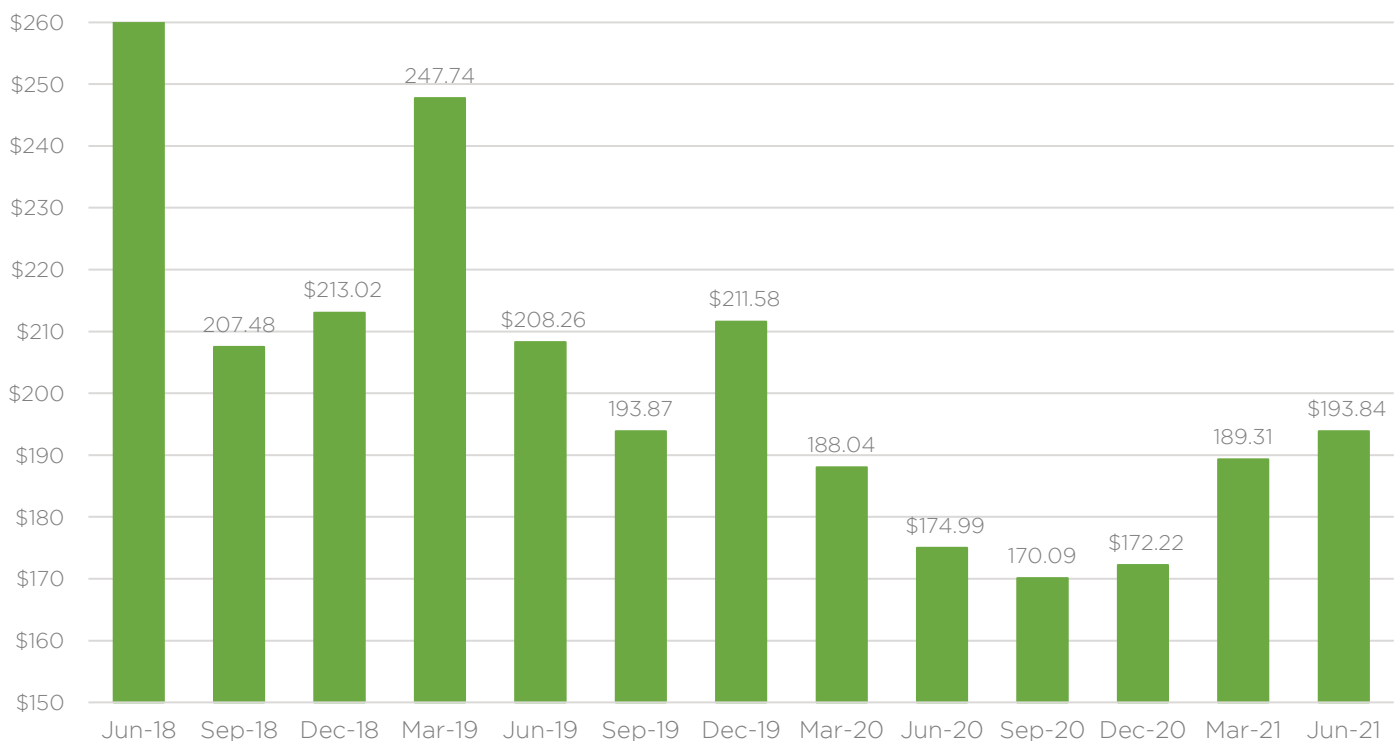
1350 Broadway

RETAIL

KEY INSIGHTS

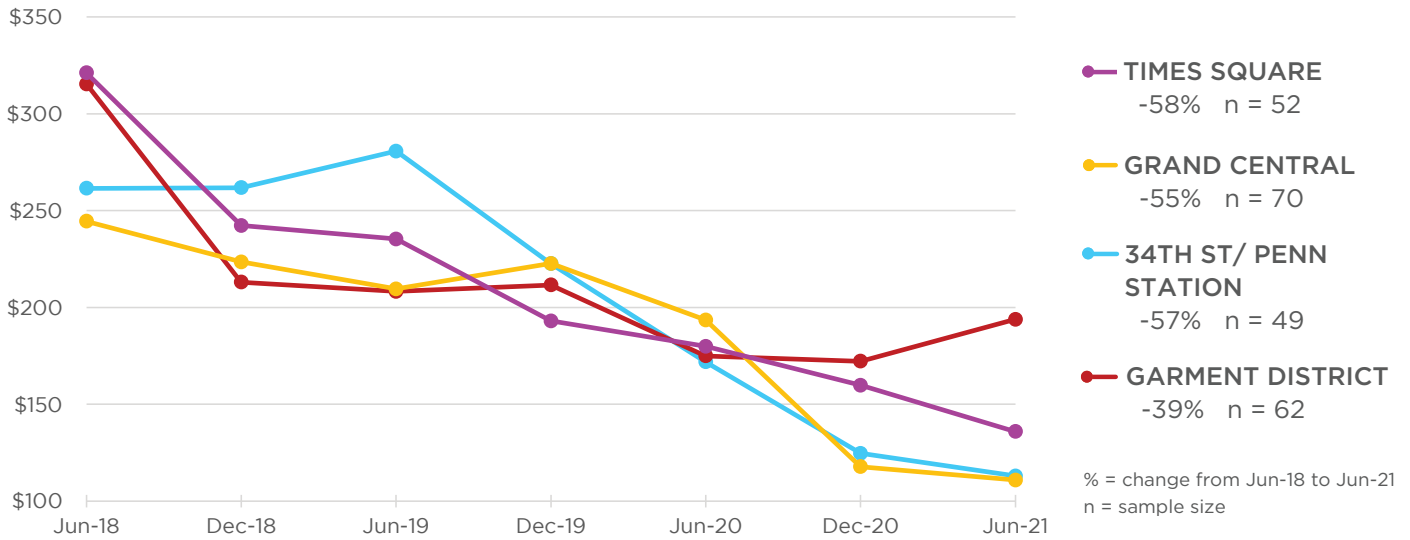
- » A pre-pandemic retail rent decline continues and is not limited to the Garment District. In Manhattan, retail rents are down 17% in the past three years and 36% since March 2020.
- » The impact has not been limited to Manhattan. In the outer boroughs, retail rents are up 17% in the past three years, but they are down 32% since March 2020.
- » As with office tracking, retail data are more impacted by outliers since leasing activity is down.
- » Some recent retail openings in the Garment District include:
 - » The Drama Bookshop
266 W 39th St
 - » Aux Merveilleux de Fred
1001 Sixth Ave
 - » Just Salad
1412 Broadway
 - » Le Pain Quotidien
1400 Broadway
 - » Jimmy Buffet's Margaritaville
560 Seventh Ave
 - » Nearly Ninth Coffee Bar
351 W 38th St

GARMENT DISTRICT AVERAGE STARTING RETAIL RENTS PER SF



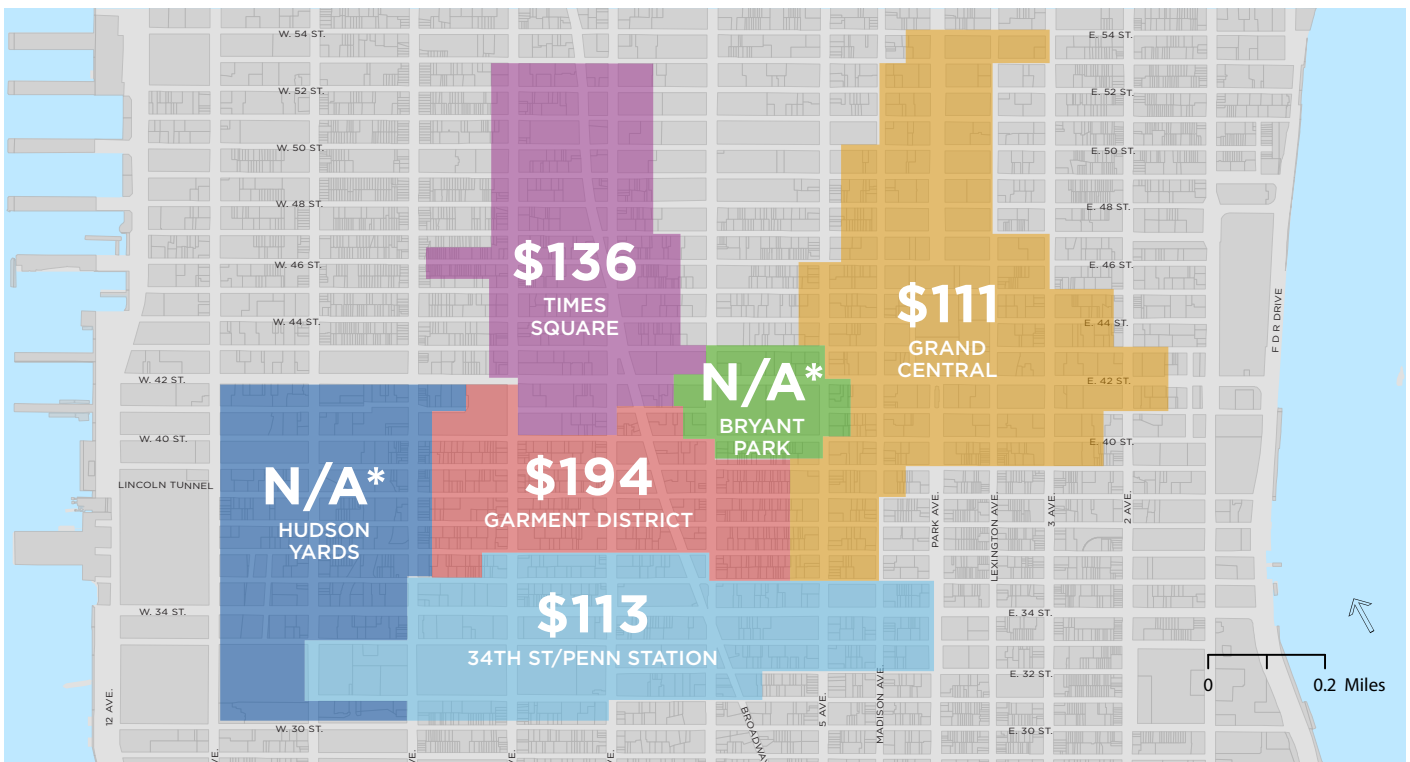
Source: CompStak, Inc., 3-month moving averages

AVERAGE STARTING RETAIL RENTS PER SF



Source: CompStak, Inc., 3-month moving averages

AVERAGE STARTING RETAIL RENTS PER SF, JUNE 2021



*Sample sizes in Hudson Yards and Bryant Park were too small to be analyzed
Actual BID boundaries vary slightly from neighborhood boundaries shown. Source: CompStak, Inc.

RETAIL VACANCIES

1. 966 SIXTH AVE 1,800 SF NEWMARK KNIGHT FRANK	16. 1441 BROADWAY 700 - 5,000 SF JLL	31. 35 W 35TH ST 2,500 SF BROAD PRINCE REALTY CORP	46. 20 W 37TH ST 850 - 5,800 SF CBRE
2. 980 - 990 SIXTH AVE 525 - 1,687 SF MASONRE	17. 1450 BROADWAY 700 SF REAL ASSET ADVISORS	32. 223 - 225 W 35TH ST 2,000 SF REDWOOD PROPERTY GROUP	47. 40 W 37TH ST 2,100 SF PARK RIDGE INTERNATIONAL
3. 989 SIXTH AVE 4,500 SF KASSIN SABBAGH REALTY	18. 488 SEVENTH AVE 550 - 1,500 SF ABH REALTY CORP	33. 224 W 35TH ST 1,000 - 3,250 SF KASSIN SABBAGH REALTY	48. 44 W 37TH ST 1,000 - 2,450 SF KASSIN SABBAGH REALTY
4. 1001 SIXTH AVE 354 - 4,250 SF ABS PARTNERS REAL ESTATE	19. 498 SEVENTH AVE 2,047 SF GEORGE COMFORT & SONS	34. 240 W 35TH ST 2,356 SF ATCO BROKERAGE SERVICES	49. 148 W 37TH ST 2,500 SF ADAMS & COMPANY
5. 1008 SIXTH AVE 1,000 SF JTRE	20. 500 SEVENTH AVE 3,095 SF WINICK REALTY GROUP	35. 253 W 35TH ST 800 - 2,700 SF ADAMS & COMPANY	50. 240 W 37TH ST 1,434 SF KASSIN SABBAGH REALTY
6. 1021 - 1039 SIXTH AVE 1,875 SF NEWMARK KNIGHT FRANK	21. 501 SEVENTH AVE 1,849 - 3,162 SF EMPIRE STATE REALTY TRUST	36. 261 W 35TH ST 4,000 SF H. JUSTIN REALTY SERVICES	51. 252 - 258 W 37TH ST 1,000 SF ERETZ GROUP
7. 1359 BROADWAY 800 - 1,187 SF EMPIRE STATE REALTY TRUST	22. 525 SEVENTH AVE 2,250 - 5,443 SF JLL	37. 315 W 35TH ST 3,132 SF NEWMARK KNIGHT FRANK	52. 336 - 342 W 37TH ST 9,000 SF IGS REALTY CO
8. 1372 BROADWAY 571 - 2,532 SF JLL	23. 526 SEVENTH AVE 220 - 2,500 SF NEWMARK KNIGHT FRANK	38. 36 W 36TH ST 1,800 SF KASSIN SABBAGH REALTY	53. 8 W 38TH ST 2,700 SF ABS PARTNERS REAL ESTATE
9. 1384 BROADWAY 866 SF WINICK REALTY GROUP	24. 545 EIGHTH AVE 663 - 1,988 SF GLOBAL HOLDINGS MANAGEMENT	39. 142 - 148 W 36TH ST 2,298 SF CUSHMAN & WAKEFIELD	54. 18 W 38TH ST 1,322 SF THE HELLER ORGANIZATION
10. 1400 BROADWAY 914 - 3,691 EMPIRE STATE REALTY TRUST	25. 557 EIGHTH AVE 1,250 SF DRESSLER GROUP	40. 149 W 36TH ST 3,200 SF NEWMARK KNIGHT FRANK	55. 39 - 41 W 38TH ST 1,500 SF ELO REALTY CORPORATION
11. 1407 BROADWAY 1,773 - 2,921 SF JLL	26. 584 EIGHTH AVE 1,000 - 1,700 SF ISA REALTY GROUP	41. 152 W 36TH ST 1,365 SF SIDO NEW YORK REAL ESTATE	56. 57 W 38TH ST 1,000 - 4,000 SF JUYI, INC
12. 1410 BROADWAY 1,052 SF JLL	27. 601 EIGHTH AVE 2,733 - 8,062 SF ASHKENAZY ACQUISITION CORP	42. 229 W 36TH ST 5,183 - 20,132 SF R.E. PERRY COMPANY	57. 109 W 38TH ST 3,000 SF KASSIN SABBAGH REALTY
13. 1420 BROADWAY 2,400 SF KASSIN SABBAGH REALTY	28. 608 EIGHTH AVE 1,800 SF MERIDIAN CAPITAL GROUP, LLC	43. 256 - 258 W 36TH ST 3,000 SF LEE & ASSOCIATES	58. 228 W 38TH ST 1,800 - 2,000 SF WINICK REALTY GROUP
14. 1435 BROADWAY 1,100 - 3,500 SF SOLIL MANAGEMENT	29. 619 - 649 EIGHTH AVE 196 - 4,400 SF JRT REALTY GROUP, INC	44. 308 - 312 W 36TH ST 5,500 SF NET MANAGEMENT	59. 242 - 244 W 38TH ST 2,500 SF RESOLUTION REAL ESTATE PARTNERS
15. 1440 BROADWAY 1,745 - 16,156 SF CUSHMAN & WAKEFIELD	30. 29 W 35TH ST 3,900 - 8,200 SF UNITED GROUP	45. 347 W 36TH ST 750 SF RESOLUTION REAL ESTATE PARTNERS	60. 252 W 38TH ST 3,690 SF TAMAR EQUITIES CORP

THE GARMENT DISTRICT ALLIANCE

61. 273 W 38TH ST
1,250 SF
ISA REALTY GROUP

62. 331 W 38TH ST
800 SF
SALVIO RANDAZZO

63. 37 W 39TH ST
1,750 - 3,000 SF
RESOLUTION REAL ESTATE PARTNERS

64. 55 W 39TH ST
1,900 - 4,092 SF
RESOLUTION REAL ESTATE PARTNERS

65. 231 - 250 W 39TH ST
1,100 - 1,444 SF
ADAMS & COMPANY

66. 234 W 39TH ST
3,479 SF
CUSHMAN & WAKEFIELD

67. 270 - 276 W 39TH ST
500 SF
LEE & ASSOCIATES

68. 147 W 40TH ST
1,975 - 2,100 SF
COMPASS

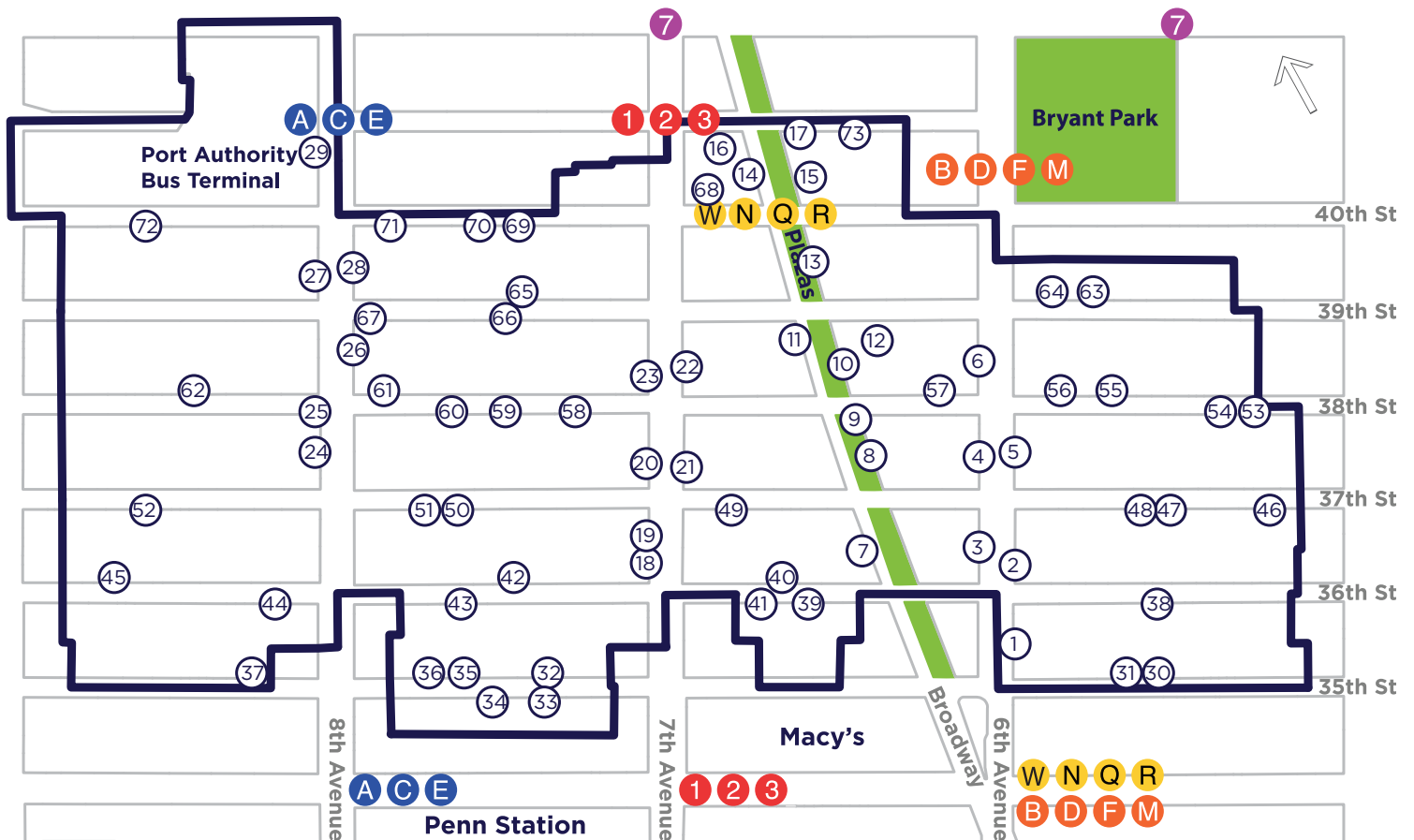
69. 218 - 232 W 40TH ST
5,192 - 10,316 SF
SAVITT PARTNERS

70. 240 W 40TH ST
1,500 - 2,600 SF
KASSIN SABBAGH REALTY

71. 264 W 40TH ST
1,000 - 3,400 SF
THE SHOPPING CENTER GROUP

72. 334 - 340 W 40TH ST
2,000 - 4,000 SF
KMC HOSPITALITY

73. 114 W 41ST ST
744 - 2,546 SF
CUSHMAN & WAKEFIELD



Source: CoStar

HOTELS

KEY INSIGHTS

- » There are 51 hotels in the Garment District representing 11,886 rooms.
- » Three hotels have opened so far in 2021: Margaritaville Resort, Pestana CR7 Times Square, and Arlo Hotel Midtown.
- » Seven additional hotels are planned or under construction, with The Draper and Henn na Hotel New York anticipated to open within the next few months.
- » Average revenue per available room (RevPAR) for Garment District area hotels is up 161% from June 2020, but still down 60% from 2019.
- » 1.4 million guests stayed in Garment District hotels in the past year, down from 2.5 million over the previous year, a decline of 44%.
- » While performance numbers are still down dramatically from pre-pandemic averages, May and June saw a significant uptick in bookings and revenue, driven largely by a surge in tourist travel to NYC.
- » The city has discontinued the use of several Garment District hotels as temporary pandemic homeless shelters, and the hotels are in preparations to reopen.



Margaritaville Resort. Photo by Jonathan Hawkins.

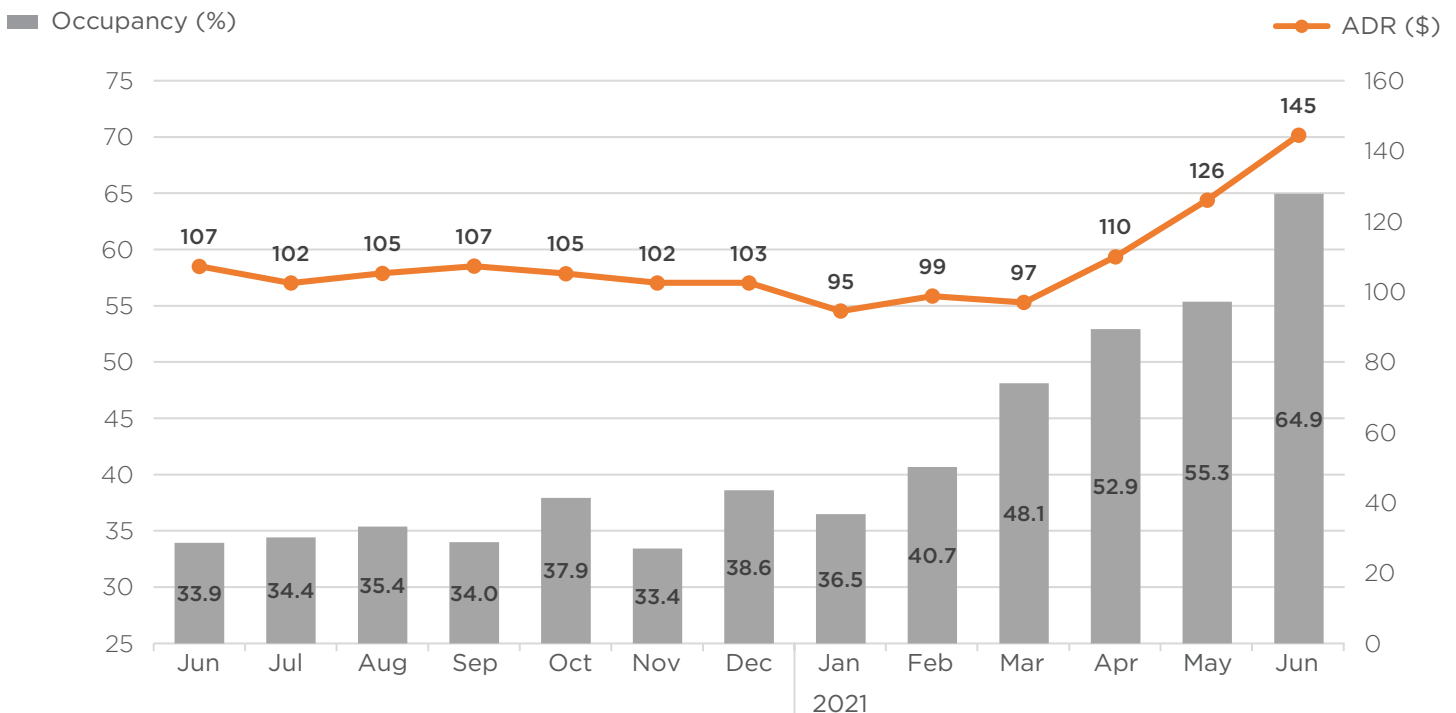
REVPAR, OCCUPANCY, & ADR COMPARISON, JUNE 2020 & 2021

	Revenue Per Available Room (RevPAR)			Occupancy		Average Daily Rate (ADR)	
	Jun 2021	Jun 2020	Pct. Change	Jun 2021	Jun 2020	Jun 2021	Jun 2020
Garment District	\$94	\$36	+161.1%	64.9%	33.9%	\$145	\$107
Midtown West/Times Square*	\$107	\$40	+167.5%	53.4%	30.6%	\$201	\$130
Midtown South*	\$103	\$51	+102.0%	64.7%	41.8%	\$160	\$122
Midtown East	\$102	\$56	+82.1%	49.3%	42.9%	\$206	\$130
Financial District	\$119	\$49	+142.9%	65.6%	38.1%	\$182	\$128
Village/SoHo/Tribeca	\$168	\$50	+236.0%	63.8%	39.1%	\$264	\$129
Uptown	\$227	\$73	+211.0%	58.3%	49.7%	\$389	\$148

*Garment District data is included in this area

Source: STR

OCCUPANCY & AVERAGE DAILY RATE IN GARMENT DISTRICT, 2020-2021



PEDESTRIAN COUNTS

KEY INSIGHTS

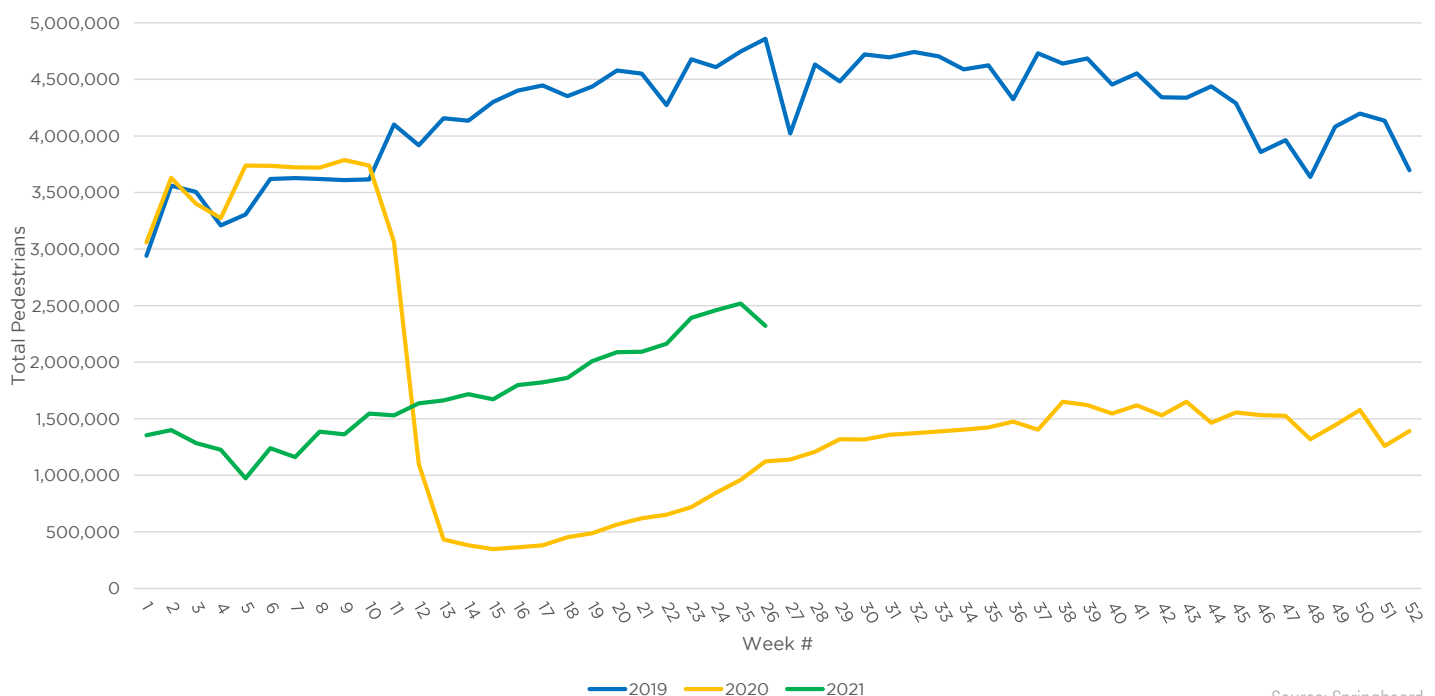
- » Though still well below historical levels, pedestrian volumes continue to grow, spurred by a surge in tourism and the partial return of office tenants.
- » MTA weekday subway ridership is currently at roughly 45% of pre-pandemic totals. The Long Island Rail Road is at 33% and Metro-North Railroad at 38%.

MONTHLY PEDESTRIAN VOLUMES SINCE JUNE 2020

	Total Count	Change from 2020	Change from 2019
June 2021	10.4 million	+160%	-49%
April 2021	7.5 million	+369%	-60%
February 2021	4.8 million	-69%	-67%
December 2020	6.5 million	N/A	-63%
October 2020	7.0 million	N/A	-64%
August 2020	6.1 million	N/A	-69%
June 2020	4.0 million	N/A	-80%

Source: Springboard

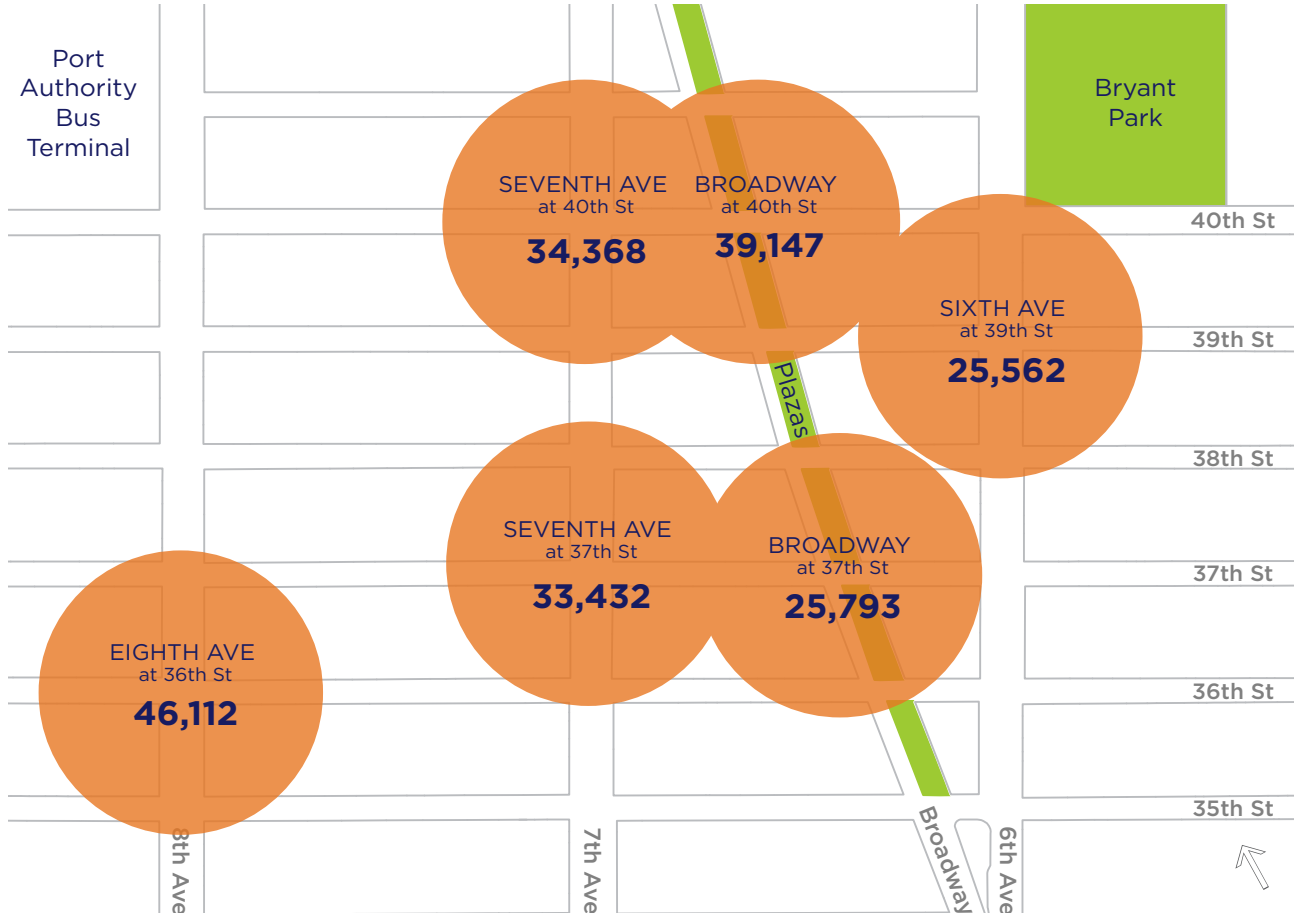
TOTAL WEEKLY PEDESTRIAN VOLUMES, 2019 - 2021



Source: Springboard



WEIGHTED WEEKDAY AVERAGE PEDESTRIAN COUNTS, APR - JUN 2021

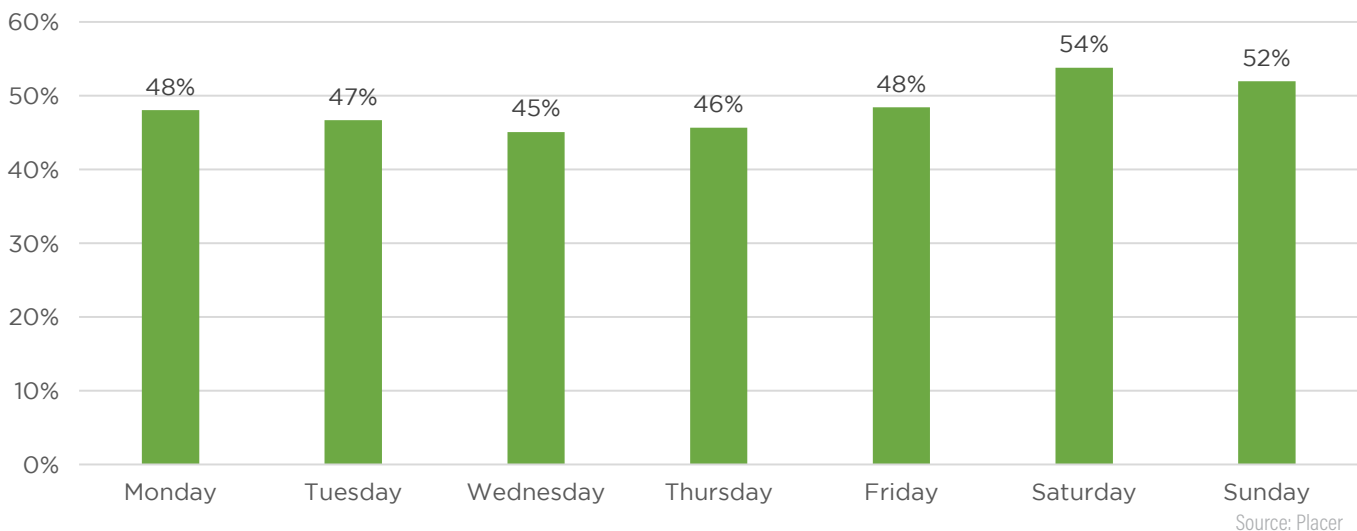


Source: Springboard

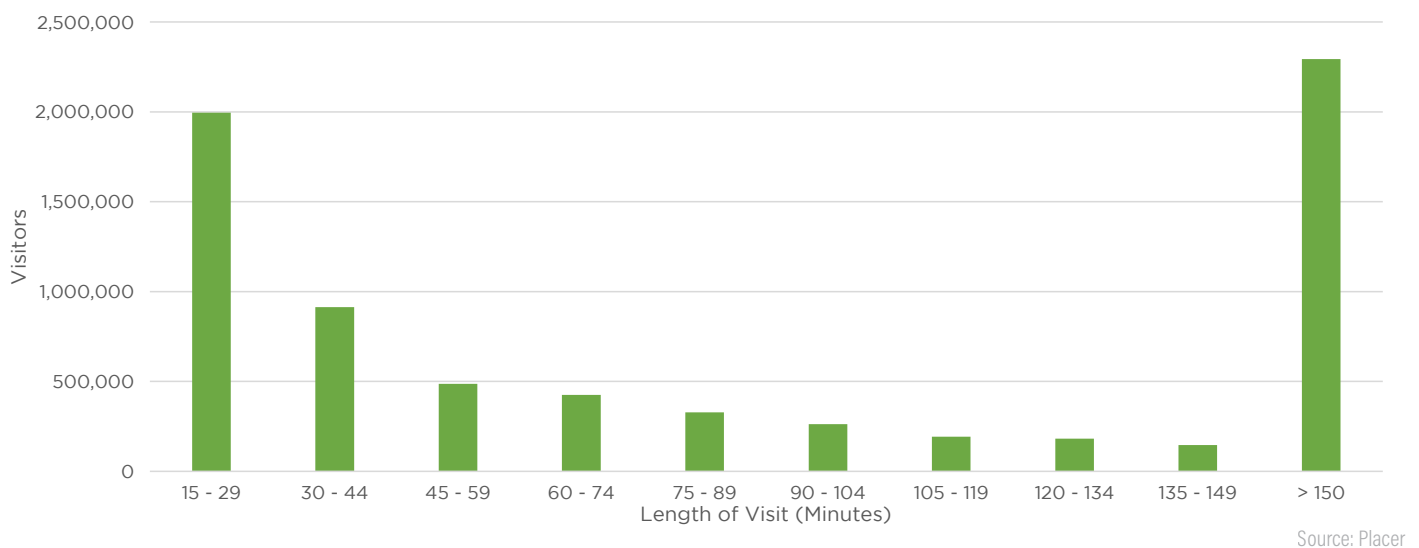
ACTIVITY TRACKING

- » GDA has begun using data from Placer to better understand neighborhood activity. Placer uses anonymized cell phone data to track visitor movement.
- » Placer activity data closely track with GDA's own observations at intersections with pedestrian counters. Placer estimates the neighborhood saw roughly 55% of its June 2019 user volumes in June 2021, while the pedestrian counters were at 53%.
- » Activity on Broadway has recovered faster than the neighborhood overall. Broadway activity was at 65% of 2019 activity levels in June, compared to 55% for the neighborhood.
- » Roughly 19% of neighborhood users are "loyal," visiting the neighborhood at least 30 times in April through June. The pandemic does not appear to have impacted this as a similar percentage was observed in April through June 2019.

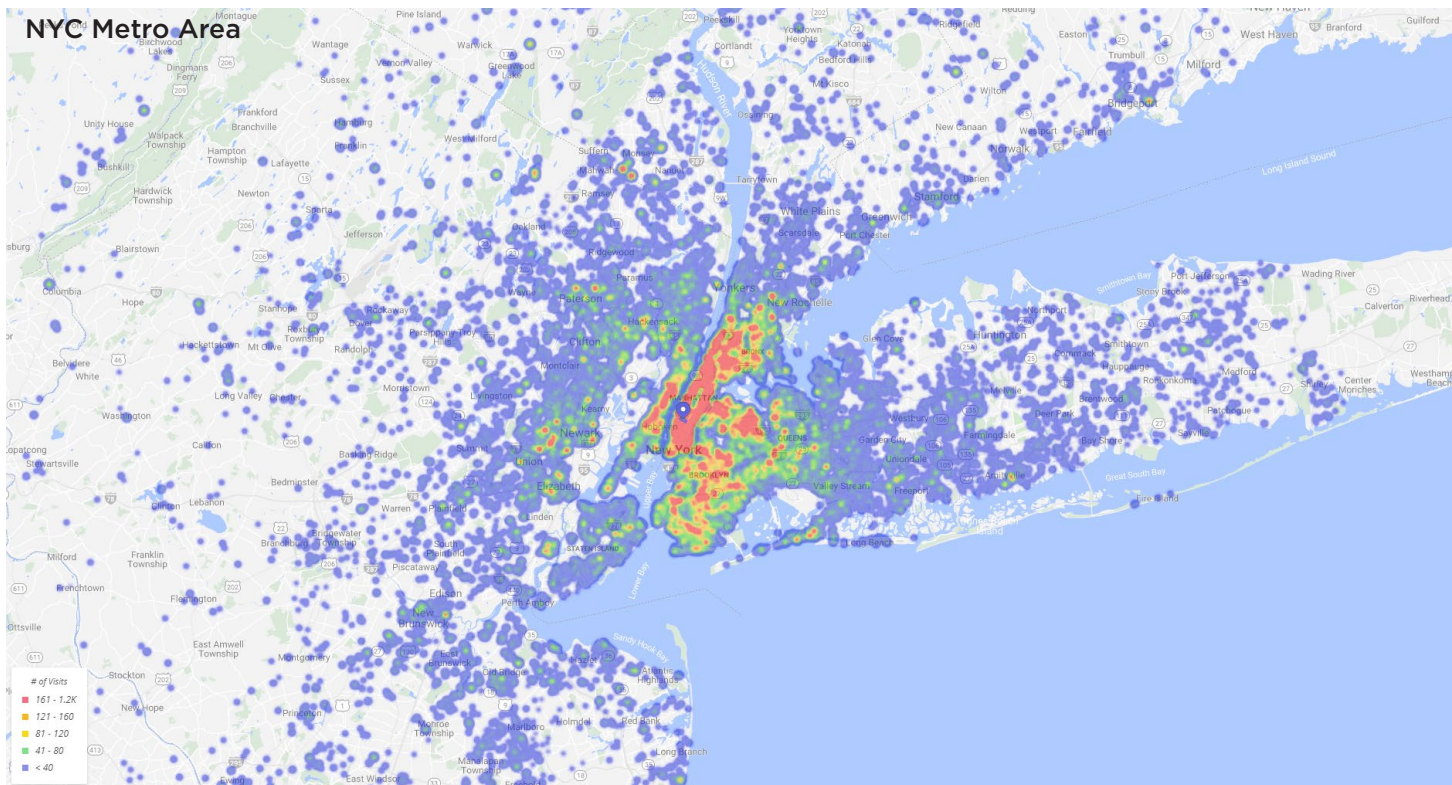
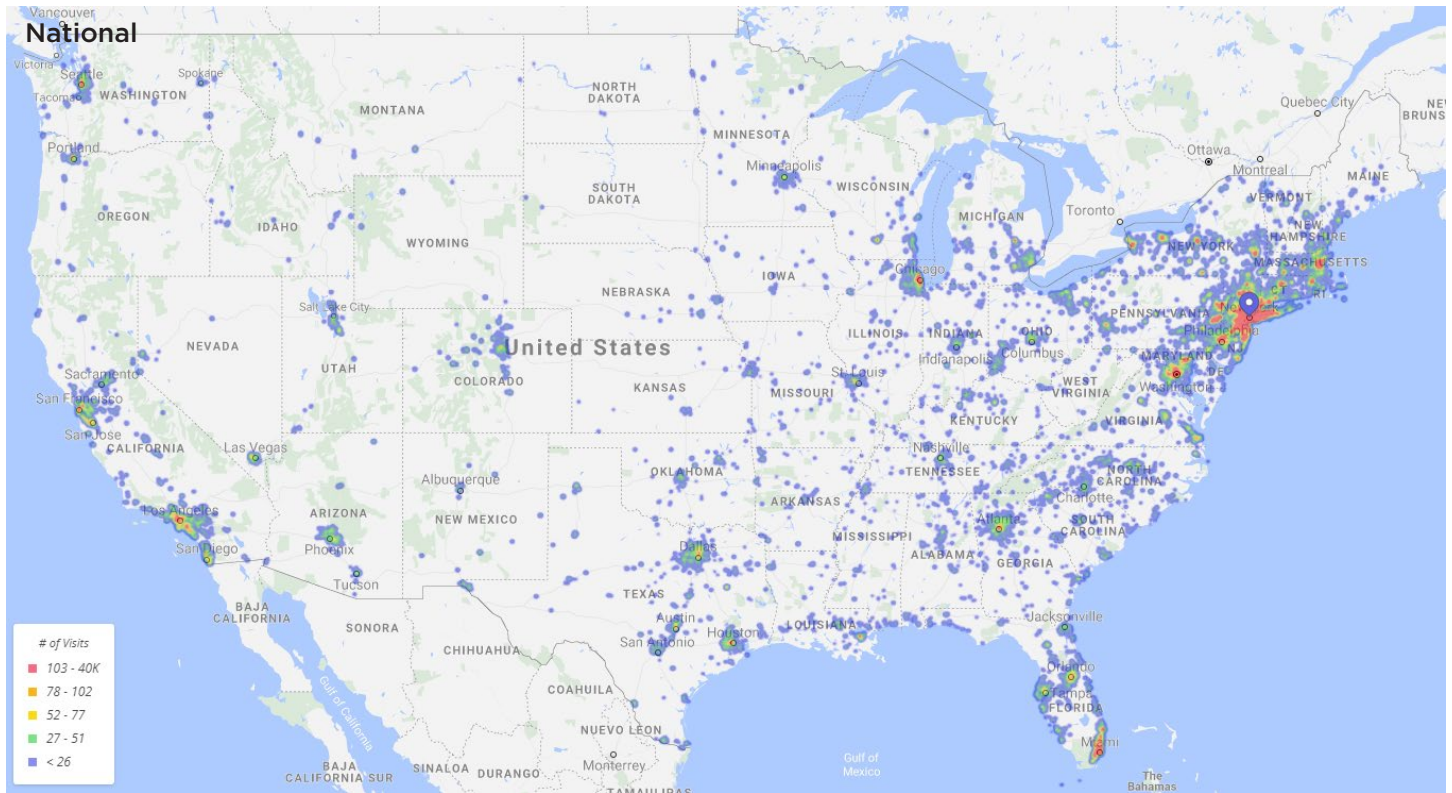
PERCENT OF 2019 ACTIVITY BY DAY OF WEEK, APR - JUN 2021



AVERAGE LENGTH OF STAY, APR - JUN 2021



ORIGIN OF GARMENT DISTRICT VISITORS, APR - JUN 2021



Source: Placer



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#GarmentDistrict



We are the Garment District Alliance

We serve New York's storied Garment District, in the heart of Midtown Manhattan. Working in partnership with local building owners and businesses, we improve the quality of life and economic vitality in this authentic New York neighborhood. The Garment District Alliance is a not-for-profit corporation, established in 1993.

For more information on all that's happening in the Garment District, visit [**garmentdistrict.nyc**](https://www.garmentdistrict.nyc)

Cover: Steed Taylor's "Magic Hour" on Broadway
Back: "Broadway Rhythm" music performance
Photos by Alexandre Ayer/Diversity Pictures unless otherwise noted

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